



## **Pay for Quality Improvement (PQI) Hospital Program**

Hospitals are the most expensive settings in which to provide care, and inpatient and outpatient costs together account for over 50 percent of total health care spending.

Hospitals also vary widely in quality of care, as measured by patient mortality rates, hospital-based infections, complications, medical mistakes, and adherence to evidence-based treatment guidelines. The Institute of Medicine reported that up to 100,000 preventable hospital deaths occur annually, with many more patients harmed by sub-standard quality.

We can protest all we want about poor quality and high costs, but if we keep giving our business to underperforming hospitals, it won't matter. CHCC's "Pay for Quality Improvement" (PQI) program works with hospitals to improve quality, lower overall costs and bring additional resources to PQI hospitals that meet jointly set improvement goals.

Our approach is collaborative. Using an extensive set of hospital quality metrics developed by The Joint Commission, The Centers for Medicare and Medicaid Services (CMS), the National Quality Forum, and the California Hospital Assessment and Reporting Task Force (CHART), we bring members together with their local hospitals to review baseline performance and establish specific and measurable improvement goals, based on data that California hospitals currently report to federal and state agencies.

With hospitals, we establish goals that are tailored to their service mix and current performance level. Most goals are at the top 10 percent of hospitals nationally. CHCC's PQI program also includes financial incentive provisions so that our members can elect not only to steer their plan beneficiaries to PQI hospitals through education and plan design, but also to reward PQI hospitals that meet our improvement goals. Research shows that improvement is most rapid when performance data are disclosed to customers and when providers have an opportunity to benefit financially from demonstrated improvement.

Specific ways in which CHCC member groups can participate in the PQI program include:

1. Participation on committees to develop PQI agreements with selected hospitals;
2. Plan beneficiary education about PQI hospitals;
3. Plan design changes to financially encourage plan beneficiaries to use PQI hospitals;
4. Financial award payments to PQI hospitals that meet specific improvement goals;
5. Contracting directly with a willing PQI hospital.

CHCC's PQI Program originated in Modesto with Doctors Medical Center. In one year, DMC moved into the top 10% of hospitals nationally for nine of CHCC's 29 quality indicators and made significant strides toward most remaining goals. Improvements include a 42% reduction in patient death rates from heart attack, a 38% reduction in ventilator-acquired pneumonia, and a 70% improvement in post-surgical infection control. CHCC is now working with Tenet Health, Catholic Healthcare West and Adventist Health (with Blue Shield) to develop similar PQI programs at selected facilities.

Please join us. Working together, we can improve the quality and costs of hospital care in your community.